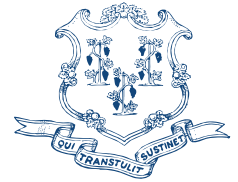




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**Energy and Technology Committee**

**March 8, 2022, Public Hearing**

**Testimony of Claire E. Coleman, Interim Consumer Counsel**

**S.B. No. 275**

***An Act Concerning Economic Development Tariffs***

Thank you for the opportunity to submit testimony today as the Interim Consumer Counsel and head of the Office of Consumer Counsel (OCC) on **Senate Bill No. 275 *An Act Concerning Economic Development Tariffs***. While OCC supports the intent of the bill to establish guardrails around any economic development (ED) tariff, OCC has concerns with the proposed bill as drafted.

OCC supports an economic development rate that does not adversely impact existing customers or businesses, and the intent of this bill is clearly aligned with achieving this goal. OCC is concerned, however, that S.B. 275 prematurely prescribes very specific and untested standards for such a rate, that could result in unintended consequences, without the benefit of full evaluation before the Public Utilities Regulatory Authority (PURA).

S.B. 275 as drafted would serve to narrow the authority provided to PURA in the Take Back the Grid Act, Sept. Sp. Sess. P.A. 20-5, S. 5, codified as Gen. Stat. § 16-19zz, in which the legislature authorized PURA to initiate a docket to investigate an ED tariff – an investigation which is currently still in the early stages. OCC respectfully suggests that development of an economic development rate remains best suited to a full investigation with PURA without specific limitations as proposed in the raised bill. For example, as OCC discussed in its initial comments filed in the PURA docket on the ED rate, the evaluation should include an assessment of need (e.g., what do large commercial and industrial customers need to expand or relocate their business in Connecticut) and appropriate levels of incentives, a full cost-benefit analysis, and an evaluation of the impact of any potential rate on all other rate classes to determine whether the ED tariff would cover marginal costs by producing a positive net revenue stream.<sup>1</sup>

Accordingly, OCC respectfully suggests that instead of delineating specific restrictions required for a new ED rate in statute, S.B. 275 should be revised to direct PURA to consider such proposed limitations, among other issues, as part of its current, ongoing investigation

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<sup>1</sup> See Docket No. 17-12-03RE11, *Pura Investigation Into Distribution System Planning Of The Electric Distribution Companies – New Rate Designs And Rate Reviews*, Written Comments of the Office of Consumer Counsel (Jan. 29, 2021).

in Docket No. 17-12-03RE11. This would allow PURA to complete its investigation and develop an appropriate ED rate based on a full and complete record.

Should the Committee wish to proceed with statutory revisions to § 16-19zz in advance of the PURA proceeding, OCC offers the following additional feedback:

- Section 1(a)(1) – OCC generally supports a time limited incentive, with provisions for renewals of additional 5-year terms as set by PURA.
- Section 1(a)(3) – Rather than statutorily prescribing a rate that is structured as a fixed utility bill credit of two cents per kilowatt hour, OCC suggests allowing PURA to evaluate multiple discount mechanisms, including those other than a cents per kilowatt hour bill credit, that could allow for more flexibility to make ED rates meet the goals of maximizing the incentive to locate new or expanded economic activity in the state. For example, a demand charge discount based on a commercial or industrial consumer’s demand usage could allow for and encourage investment in energy efficiency and peak demand reduction, which in turn would more effectively reduce the need for additional capacity.
- Section 1(c) – OCC supports ensuring that incumbent businesses are not put at a competitive disadvantage by requiring PURA to offer the ED rate to other C&I consumers whose eligibility is “similar” to the new business receiving the rate. However, what type of business is determined “similar eligibility” is undefined in the current draft. As such, there is a risk that this could be interpreted too broadly and could create a significant revenue shortfall that will require other consumers to make up the difference. The statute should instead direct PURA to determine “similar eligibility,” with input from stakeholders.

Thank you for considering these changes to S.B. No. 275. Should you have any questions, please do not hesitate to contact me at [Claire.E.Coleman@ct.gov](mailto:Claire.E.Coleman@ct.gov).